



February 9, 2005

HOUSE BILL No. 1394

DIGEST OF HB 1394 (Updated February 2, 2005 5:57 pm - DI 96)

Citations Affected: IC 5-10.2.

Synopsis: Teachers' retirement fund beneficiary change. Allows a member of the teachers' retirement fund who is receiving a retirement benefit and is a party in an action for dissolution of marriage to elect in certain circumstances to change the member's designated beneficiary or form of benefit.

Effective: July 1, 2005.

Stutzman

January 13, 2005, read first time and referred to Committee on Employment and Labor.
February 8, 2005, reported — Do Pass.

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HB 1394—LS 6475/DI 102+



February 9, 2005

First Regular Session 114th General Assembly (2005)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2004 Regular Session of the General Assembly.

HOUSE BILL No. 1394

A BILL FOR AN ACT to amend the Indiana Code concerning pensions.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 5-10.2-4-7 IS AMENDED TO READ AS
2 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 7. (a) Benefits provided
3 under this section are subject to IC 5-10.2-2-1.5.

4 (b) A member who retires is entitled to receive monthly retirement
5 benefits, which are guaranteed for five (5) years or until the member's
6 death, whichever is later. A member may select in writing any of the
7 following nonconflicting options for the payment of the member's
8 retirement benefits instead of the five (5) year guaranteed retirement
9 benefit payments. The amount of the optional payments shall be
10 determined under rules of the board and shall be the actuarial
11 equivalent of the benefit payable under sections 4, 5, and 6 of this
12 chapter.

13 (1) Joint and Survivor Option.

14 (A) The member receives a decreased retirement benefit
15 during the member's lifetime, and there is a benefit payable
16 after the member's death to a designated beneficiary during the
17 lifetime of the beneficiary, which benefit equals, at the option

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of the member, either the full decreased retirement benefit or two-thirds (2/3) or one-half (1/2) of that benefit.

(B) If the member dies before retirement, the designated beneficiary may receive only the amount credited to the member in the annuity savings account unless the designated beneficiary is entitled to survivor benefits under IC 5-10.2-3.

(C) If the designated beneficiary dies before the member retires, the selection is automatically canceled and the member may make a new beneficiary election and may elect a different form of benefit under this subsection.

(2) Benefit with No Guarantee. The member receives an increased lifetime retirement benefit without the five (5) year guarantee specified in this subsection.

(3) Integration with Social Security. If the member retires before the age of eligibility for Social Security benefits, in order to provide a level benefit during the member's retirement the member receives an increased retirement benefit until the age of Social Security eligibility and decreased retirement benefits after that age.

(4) Cash Refund Annuity. The member receives a lifetime annuity purchasable by the amount credited to the member in the annuity savings account, and the member's designated beneficiary receives a refund payment equal to:

(A) the total amount used in computing the annuity at the retirement date; minus

(B) the total annuity payments paid and due to the member before the member's death.

(c) If:

(1) the designated beneficiary dies while the member is receiving benefits; **or**

(2) the member is receiving benefits, the member marries, either for the first time or following the death of the member's spouse, after the member's first benefit payment is made, and the member's designated beneficiary is not the member's current spouse or the member has not designated a beneficiary; **or**

(3) the member is receiving benefits from the Indiana state teachers' retirement fund and is a party in an action for dissolution of marriage in which a court issues an order that prohibits the member's designated beneficiary from receiving any of the member's benefits;

the member may elect to change the member's designated beneficiary or form of benefit under subsection (b) and to receive an actuarially

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adjusted and recalculated benefit for the remainder of the member's life or for the remainder of the member's life and the life of the newly designated beneficiary. The member may not elect to change to a five (5) year guaranteed form of benefit. If the member's new election is the joint and survivor option, the member shall indicate whether the designated beneficiary's benefit shall equal, at the option of the member, either the member's full recalculated retirement benefit or two-thirds (2/3) or one-half (1/2) of this benefit. The cost of recalculating the benefit shall be borne by the member and shall be included in the actuarial adjustment.

(d) Except as provided in subsection (c), a member who files for regular or disability retirement may not change:

- (1) the member's retirement option under subsection (b);
- (2) the selection of a lump sum payment under section 2 of this chapter; or
- (3) the beneficiary designated on the member's application for benefits if the member selects the joint and survivor option under subsection (b)(1);

after the first day of the month in which benefit payments are scheduled to begin. For purposes of this subsection, it is immaterial whether a benefit check has been sent, received, or negotiated.

(e) A member may direct that the member's retirement benefits be paid to a revocable trust that permits the member unrestricted access to the amounts held in the revocable trust. The member's direction is not an assignment or transfer of benefits under IC 5-10.3-8-10 or IC 21-6.1-5-17.

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COMMITTEE REPORT

Mr. Speaker: Your Committee on Employment and Labor, to which was referred House Bill 1394, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill do pass.

TORR, Chair

Committee Vote: yeas 10, nays 0.

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